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13 UNITED STATES BANKRUPTCY COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re

17 PACIFIC GAS AND ELECTRIC COMPANY,
18 a California corporation,

19 Debtor.

20 Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11 Case

**NOTICE OF CALIFORNIA PUBLIC
UTILITIES COMMISSION'S
FILING OF PROPOSED PLAN
TERM SHEET**

21 **PLEASE TAKE NOTICE** that, pursuant to an order of this Court, dated February 3,
22 2002 (the "Second Exclusivity Order"), the California Public Utilities Commission (the
23 "Commission") hereby files a term sheet (together with all exhibits and attachments thereto, the
24 "Plan Term Sheet") describing the principal terms of a proposed alternate plan of reorganization
25 that the Commission seeks to file in the above-captioned chapter 11 case (the "Alternate Plan").
26 Attached as Exhibits to the Commission's Plan Term Sheet are the following additional
27 documents:

- 28 (1) **Exhibit A** – Proposed classification and treatment of allowed claims;

1 (2) **Exhibit B** – A detailed analysis of the sources and uses of funds under the
2 Commission’s Alternate Plan (including comparisons with the First Amended Plan of
3 Reorganization proposed by the above-captioned debtor and PG&E Corporation); and

5 (3) **Exhibit C** – A proposed timeline for the Commission’s Alternate Plan.

6 In accordance with the Second Exclusivity Order, copies of this Notice and the Plan
7 Term Sheet have been served by facsimile and overnight mail to counsel for the above-captioned
8 debtor and debtor in possession, counsel for the Official Committee of Unsecured Creditors in
9 this chapter 11 case and the Office of the United States Trustee. In addition, copies have been
10 served by facsimile and overnight mail to counsel for PG&E Corporation. *See* Declaration of
11 Service of Joseph L. Monzione.

12 The filing of this Notice and the attached Plan Term Sheet shall not be deemed or
13 construed as a waiver of any objections or defenses that the Commission or any other agency,
14 unit or entity of the State of California may have to this Court’s jurisdiction over the
15 Commission or such other agency, unit or entity based upon the Eleventh Amendment of the
16 United States Constitution or related principles of sovereign immunity or otherwise, all of which
17 are hereby reserved.

18 DATED: February 13, 2002

19 Respectfully,

20 GARY M. COHEN
21 AROCLES AGUILAR
22 MICHAEL M. EDSON
23 OFFICE OF THE GENERAL COUNSEL
24 CALIFORNIA PUBLIC UTILITIES COMMISSION

25 _____
26 GARY M. COHEN

27 -AND-

28 ALAN W. KORNBERG
BRIAN S. HERMANN
PAUL, WEISS, RIFKIND, WHARTON & GARRISON

Attorneys for the California Public Utilities Commission

In re PACIFIC GAS AND ELECTRIC COMPANY, Debtor
Commission's Proposed Term Sheet for Alternate Plan of Reorganization

The following describes the principal terms of a proposed alternate plan of reorganization (the "Alternate Plan") to be filed by the California Public Utilities Commission (the "Commission") in the chapter 11 case of Pacific Gas and Electric Company ("PG&E").¹

This Proposed Term Sheet is based solely upon publicly available and other information available to the Commission and is subject to modification upon receipt by the Commission of additional information.

The Alternate Plan is based upon, among other things, various assumptions and projections, including, but not limited to, those relating to future actions to be taken by the Commission. Such assumptions and projections are made solely for purposes of describing the Alternate Plan and for no other purpose and are not binding upon the Commission.

Plan Proponent:	The Commission.
Classification and Treatment of Allowed Claims:	See Exhibit <u>A</u> .
Plan Funding:	Allowed Claims ² (together with postpetition interest at the lowest non-default contract rate or, if no contract or non-default rate exists, then at the federal judgment rate) ³ will be satisfied in full through a combination of cash and the reinstatement or refinancing of certain of PG&E's long-term indebtedness.

¹ The terms hereof have yet to be negotiated with PG&E, the Official Committee of Unsecured Creditors appointed in this chapter 11 case, or other key constituencies. The Commission reserves the right to alter the terms hereof based upon the outcome of such negotiations.

² Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in PG&E's First Amended Plan of Reorganization, dated December 19, 2001 (as subsequently amended or modified, the "First Amended Plan").

³ Consistent with PG&E's First Amended Plan, except as provided by otherwise applicable non-bankruptcy law, postpetition interest will not be paid on the following Allowed Claims: Administrative Expense Claims, Environmental, Fire Suppression and Tort Claims and Chromium Litigation Claims.

Specifically, PG&E's short-term indebtedness incurred during the energy crisis and matured obligations (*i.e.* Allowed Claims in Classes 1, 4f, 5, 6 and 7) together with all Allowed Administrative Claims, Professional Compensation and Reimbursement Claims, Priority Tax Claims, Other Secured Claims (Class 2) and Convenience Claims (Class 10) will be paid in full in cash.⁴ PG&E's long-term debt (Classes 3, 4a-e, 4g and 11) will be reinstated pursuant to section 1124(2) of the Bankruptcy Code⁵ and shall remain outstanding. All other Allowed Claims (Classes 8, 9 and 12) will be paid in the ordinary course of PG&E's business when and if the same become due and payable.

The holders of PG&E's Preferred and Common Stock Equity Interests (Classes 13 and 14) will retain their respective interests. Accrued and unpaid dividends and sinking fund payments in respect of PG&E's Preferred Stock Equity Interests (approximately \$56 million according to PG&E's estimates) will be paid from PG&E's cash on hand and residual revenues.

See Exhibit B for more detail regarding the funding sources and uses under the Commission's Alternate Plan.

Projected Effective Date: No later than January 31, 2003 (the "Effective Date").

⁴ According to PG&E's 8-K filing with the Securities and Exchange Commission on November 30, 2001 (the most recent publicly available information as of the date of this Term Sheet), PG&E has approximately \$4.875 billion of cash on hand (including short-term investments). The Commission projects that PG&E's cash balance will increase by approximately \$2.98 billion through January 31, 2003 through a combination of (i) PG&E's residual revenues (*i.e.* the excess of retail electric rates over wholesale power, transmission, distribution and other related costs), estimated to equal \$1.75 billion for the period December 1, 2001 through January 31, 2003 (note, PG&E has been earning excess revenues over costs since June 2001), and (ii) PG&E's projected retained return on rate base of approximately \$1.23 billion. See Schedule 3 to Exhibit B for more detail.

⁵ All references to the Bankruptcy Code are to title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*

Regulation:	All of PG&E's operations would continue to be regulated by the Commission and the various other federal, State and local agencies currently charged with that responsibility.
Dividend and Other Restrictions:	PG&E would be prohibited from declaring or making cash distributions to PG&E Corporation (including by way of dividends and stock repurchases) for 2001, 2002 and 2003.
Net Open Position:	To be resumed by PG&E upon its satisfaction of FERC's creditworthiness requirements, which is assumed to occur no later than January 2003.
Post-Bankruptcy Rate Structure:	The Commission would establish a cost-of-service rate structure that would provide PG&E with an opportunity to recoup its costs and earn a reasonable return on its assets consistent with State law. This cost-of-service rate structure would become effective after all Allowed Claims and dividend and sinking fund payments in respect of PG&E's Preferred Stock Equity Interests have been satisfied in full (together with postpetition interest, where applicable).
Litigation Trust:	On the Effective Date a litigation trust would be established. PG&E would initially fund the trust with (i) cash in an amount to be determined and (ii) various estate claims and causes of action, including but not limited to (a) claims against PG&E Corporation, (b) affirmative recoveries related to refund claims pending before the FERC, (c) other claims against sellers of electricity in the wholesale market, and (d) the first proceeds of recoveries, if any, in the Rate Recovery Litigation in an amount equal to the residual revenues collected from PG&E's ratepayers since June 2001, which amount is estimated not to exceed \$1.75 billion. The proceeds of the litigation trust would be distributed solely to or for the benefit of PG&E's ratepayers; the proceeds would <i>not</i> be used to fund distributions to holders of Allowed Claims and Interests.
Executory Contracts/Unexpired Leases:	PG&E shall assume all of the executory contracts and unexpired leases to be assumed, or assumed and assigned to Etrans, Gtrans, Gen and other entities under PG&E's First Amended Plan.
Claims Resolution:	PG&E or reorganized PG&E (as the case may be) shall administer the claims resolution process under

shall administer the claims resolution process under the supervision of a plan administrator to be approved by the Commission. The reasonable fees and expenses incurred by PG&E or reorganized PG&E (as the case may be) and the plan administrator incurred in the conduct of the claims resolution process shall be paid from the operations of PG&E or reorganized PG&E, respectively.

Additional Sources of Liquidity upon Emergence from Chapter 11:

The Alternate Plan assumes that reorganized PG&E will obtain a credit facility sufficient to meet any short-term working capital needs. In addition, the Alternate Plan assumes that PG&E will retain approximately \$423 million in cash after making all plan-related distributions required on or before the Effective Date.

Miscellaneous:

Each of the terms described herein is an integral aspect of the Commission's Alternate Plan and, as such, is non-severable from the others.

The Commission's Alternate Plan remains subject in all respects, among other things, to the Court's termination of PG&E's plan exclusivity to allow the Commission to file and solicit acceptances to its Alternate Plan and to the preparation, execution and delivery of definitive documentation in form and substance satisfactory to the Commission.

Exhibit A

Classification and Treatment of Allowed Claims

<u>Class</u>	<u>Claim/Interest</u>	<u>Treatment of Allowed Claim/Interest</u>	<u>Estimated Aggregate Amount of Allowed Claims (in millions)¹</u>	<u>Estimated % Recovery on Allowed Claims</u>
—	Administrative Expense Claims	Same as PG&E's First Amended Plan – paid in full in cash.	\$1,300	100%
—	Professional Compensation and Reimbursement Claims	Same as PG&E's First Amended Plan – paid in full in cash.	Unknown	100%
—	Priority Tax Claims	Same as PG&E's First Amended Plan – paid in full in cash.	\$54	100%
1	Other Priority Claims	Same as PG&E's First Amended Plan – paid in full in cash.	Nominal	100%
2	Other Secured Claims	Same as PG&E's First Amended Plan – paid in full in cash.	Nominal	100%
3	Secured Claims Relating to First and Refunding Mortgage Bonds	To remain outstanding and be reinstated pursuant to section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. Any and all other cure amounts resulting from such reinstatement to be	\$3,310 ²	100%

¹ Amounts are based on PG&E's estimates contained in the First Amended Disclosure Statement for First Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas And Electric Company Proposed by Pacific Gas And Electric Company and PG&E Corporation, dated December 19, 2001 (as subsequently amended or modified, the "First Amended Disclosure Statement").

² According to PG&E's First Amended Disclosure Statement, \$277 million of such amount is held by PG&E in treasury.

		determined.		
4a	Mortgage Backed PC Bond Claims	Same as PG&E's First Amended Plan – the Mortgage Backed PC Bonds will remain outstanding and be reinstated pursuant to section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the applicable Loan Agreements will also be paid in full in cash. Any and all other cure amounts resulting from such reinstatement to be determined.	\$345	100%
4b	MBIA Insured PC Bond Claims	Same as PG&E's First Amended Plan – the MBIA Insured PC Bonds will remain outstanding and be reinstated pursuant to section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the Loan Agreement will also be paid in full in cash. Any and all other cure amounts resulting from such reinstatement to be determined.	\$200	100%
4c	MBIA Claims	Same as PG&E's First Amended Plan – Allowed MBIA Claims will be paid in cash in an amount equal to the aggregate amount paid by MBIA to the Bond Trustee with respect to the payment of interest on the MBIA Insured PC Bonds during the period from the Petition Date through the	Nominal	100%

		last scheduled interest payment date preceding the Effective Date, together with all other amounts due and owing to MBIA under the terms of the MBIA Reimbursement Agreement through the Effective Date, including interest at the non-default contract rate due on such amounts to the extent provided in the MBIA Reimbursement Agreement.		
4d	Letter of Credit Backed PC Bond Claims	Same as PG&E's First Amended Plan – the Letter of Credit Backed PC Bonds will remain outstanding and be reinstated pursuant to section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the applicable Loan Agreements will also be paid in full in cash. Any and all other cure amounts resulting from such reinstatement to be determined.	\$610	100%
4e	Letter of Credit Bank Claims	To the extent that PG&E has not reimbursed the applicable Letter of Credit Issuing Bank and the applicable Banks, if any, for drawings made on the related Letter of Credit with respect to the payment of interest on the related series of Letter of Credit Backed PC Bonds to the extent provided in the respective Reimbursement Agreement, each holder of an Allowed Letter of Credit Bank Claim will be paid cash in an amount equal to its <i>pro rata</i> share of the aggregate amount paid by the respective Letter of Credit Issuing Bank to the respective Bond Trustee under the terms of the applicable	Nominal	100%

		<p>Letter of Credit with respect to the payment of the interest on the Letter of Credit Backed PC Bonds to which such Letter of Credit Bank Claim relates during the period from the Petition Date through the last scheduled interest payment date on such Letter of Credit Backed PC Bonds preceding the Effective Date. Each holder of an Allowed Letter of Credit Bank Claim will also be paid cash in an amount equal to its <i>pro rata</i> share of all other amounts then due and owing to the respective Letter of Credit Issuing Bank and the applicable Banks, if any, under the terms of the respective Reimbursement Agreement (other than for reimbursement of drawings on the respective Letter of Credit) through the Effective Date, including interest at the non-default rate due on such amounts to the extent provided in the respective Reimbursement Agreements, any due and owing Forbearance, Extension and Letter of Credit Fees through the Effective Date, and the reasonable fees and expenses of unrelated third-party professionals retained by the Letter of Credit Issuing Banks, to the extent incurred subsequent to the Petition Date, which with respect to each Letter of Credit Issuing Bank for the period prior to December 1, 2001 shall be in an aggregate amount not to exceed the amount mutually agreed to by PG&E and each Letter of Credit Issuing Bank.</p>		
4f	Prior Bond Claims	<p>Each holder of an Allowed Prior Bond Claim will be paid in cash in an amount equal to its <i>pro rata</i> share of (i) the accrued and unpaid interest at the non-default rate due on the outstanding Reimbursement</p>	\$450	100%

		Obligations of PG&E to such holder under the respective Prior Reimbursement Agreement in accordance with the terms thereof through the Effective Date, (ii) all other amounts (other than the Reimbursement Obligations) due and owing to the respective Prior Letter of Credit Issuing Bank under the terms of the respective Prior Reimbursement Agreement through the Effective Date, and (iii) the outstanding Reimbursement Obligations.		
4g	Treasury PC Bond Claims	Same as PG&E's First Amended Plan – each Allowed Treasury PC Bond Claim shall remain outstanding and be reinstated in accordance with section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the applicable Loan Agreements will also be paid in full in cash. Any and all other cure amounts resulting from such reinstatement to be determined.	\$80	100%
5	General Unsecured Claims	Paid in full in cash, together with postpetition interest at the lowest non-default contract rate or, if no such rate exists, then at the federal judgment rate.	\$3,510 ³	100%

³ This amount is net of \$1,060 billion of QF claims now classified as Administrative Expense Claims. According to counsel for PG&E and PG&E Corporation, the higher amount of General Unsecured Claims included in the First Amended Disclosure Statement (\$4,570) was overstated by the same \$1,060 billion.

6	ISO, PX and Generator Claims	Paid in full in cash, together with postpetition interest at the lowest non-default contract rate or, if no such rate exists, then at the federal judgment rate.	\$1,070	100%
7	ESP Claims	Paid in full in cash, together with postpetition interest at the lowest non-default contract rate or, if no such rate exists, then at the federal judgment rate.	\$420	100%
8	Environmental, Fire Suppression and Tort Claims	Same as PG&E's First Amended Plan – satisfied in full in the ordinary course of PG&E's business at such time and in such manner as PG&E is obligated to satisfy such Allowed Claims under applicable law.	\$350	100%
9	Chromium Litigation Claims	Paid in full in cash in the ordinary course of PG&E's business at such time and in such manner as PG&E is obligated to satisfy such Allowed Claims.	\$160	100%
10	Convenience Claims	Same as PG&E's First Amended Plan – paid in full in cash.	\$60	100%
11	QUIDS Claims	The QUIDS Claims will remain outstanding and be reinstated in accordance with section 1124(2) of the Bankruptcy Code. Accrued and unpaid interest due and owing through the last scheduled interest payment date preceding the Effective Date shall be paid in cash at the lowest non-default contract rate. Any and all other cure amounts resulting from such reinstatement to be determined.	\$310	100%
12	Workers' Compensation Claims	Same as PG&E's First Amended Plan – paid in full in cash in the ordinary course of PG&E's business at such time and in such manner as PG&E is obligated to satisfy such Allowed	To come	100%

		Claims under applicable law.		
13	Preferred Stock Equity Interests	Same as PG&E's First Amended Plan – each holder of a Preferred Stock Equity Interest will retain its Preferred Stock in PG&E and will be paid in cash any dividends and sinking fund payments accrued in respect of such Preferred Stock through the last scheduled payment date prior to the Effective Date.	\$430	100%
14	Common Stock Equity Interests	PG&E Corporation will retain its Common Stock in PG&E.	N/A	N/A

Exhibit B

Sources and Uses of Funds

[See Attached]

PACIFIC GAS AND ELECTRIC COMPANY

SCHEDULE 1

PLAN OF REORGANIZATION - PROPOSED BY THE COMMISSION - Dollars in \$Millions

SOURCES OF FUNDS	
	Total
<u>Cash Available to Pay Creditors</u>	
Cash at Emergence @ January 31, 2003 (1)	\$ 6,864
<u>Reinstated / Refinanced Debt & Obligations</u>	
Class 3	3,310
Class 4	1,235
Class 11 - QUIDS Claims	310
Subtotal (Debt)	4,855
Class 8 - Environmental, Fire Suppression and Tort Claims	350
Class 9 - Chromium Claims	160
Class 12 - Workers' Compensation Claims (2)	-
Class 13 - Preferred Equity	430
Subtotal (Obligations)	940
Total Reinstated / Refinanced Debt & Obligations	5,795
Total Sources of Funds	\$ 12,659

Notes:

- (1) See Schedule 3 for details.
- (2) PG&E's disclosure statement does not disclose an estimate for Class 12 claims.

PACIFIC GAS AND ELECTRIC COMPANY

SCHEDULE 2

PLAN OF REORGANIZATION - PROPOSED BY THE COMMISSION - Dollars in \$Millions

USES OF FUNDS								
	(1) Claims	Adj.	Adjusted Claims	Cash	Reinstated / Refinanced Debt	Reinstated / Refinanced Obligations	Total	
<u>Class 1 & 2</u>								
Administrative & Priority	\$ 1,300	\$ -	\$ 1,300	\$ 1,300	\$ -	\$ -	\$	1,300
Professional Fees & Reimbursement								-
Priority Tax Claims	54	-	54	54	-	-		54
Subtotal	1,354	-	1,354	1,354	-	-		1,354
<u>Class 3: Secured Claims - First / Refunded Mortgage Bonds (2)</u>	3,310	-	3,310	-	3,310	-		3,310
<u>Class 4</u>								
(a) Mortgage-Backed PC Bonds	345	-	345	-	345	-		345
(b) MBIA Insured PC Bonds	200	-	200	-	200	-		200
(c) MBIA Claims								-
(d) Letter of Credit Backed PC Bond Claims	610	-	610	-	610	-		610
(e) Letter of Credit Bank Claims								-
(f) Prior Bond Claims	450	-	450	450	-	-		450
(g) Treasury PC Bond Claims	80	-	80	-	80	-		80
Subtotal	1,685	-	1,685	450	1,235	-		1,685
<u>Class 5: General Unsecured Claims (3)</u>	4,570	(1,060)	3,510	3,510	-	-		3,510
<u>Class 6: ISO, PX, Generator Claims</u>	1,070	-	1,070	1,070	-	-		1,070
<u>Class 7: ESP Claims</u>	420	-	420	420	-	-		420
<u>Class 8: Environmental Claims</u>	350	-	350	-	-	350		350
<u>Class 9: Chromium Claims</u>	160	-	160	-	-	160		160
<u>Class 10: Convenience Claims</u>	60	-	60	60	-	-		60
<u>Class 11: QUIDS Claims</u>	310	-	310	-	310	-		310
<u>Class 12: Workers' Compensation Claims</u>	-	-	-	-	-	-		-
<u>Class 13: Preferred Equity</u>	430	-	430	-	-	430		430
<u>Class 14: Common Equity</u>	-	-	-	-	-	-		-
Total Uses of Funds	\$ 13,719	\$ (1,060)	\$ 12,659	\$ 6,864	\$ 4,855	\$ 940	\$	12,659

Notes:

- (1) Source: PG&E disclosure statement. Amounts include prepetition interest, if any.
- (2) \$277 million of such amount is held by the Debtor in treasury.
- (3) In PG&E's disclosure statement, Class 5 claims and administrative expense claims both include \$1.06 billion of QF claims.
As such, Class 5 claims have been adjusted downward by \$1.06 billion to reflect reclassification of QF claims to administrative expense claims from Class 5.
Since administrative expense claims already include QF claims, no adjustment to administrative expense claims is required.

PACIFIC GAS AND ELECTRIC COMPANY

SCHEDULE 3

PLAN OF REORGANIZATION - PROPOSED BY THE COMMISSION - Dollars in \$Millions

CASH AVAILABLE FOR CREDITORS -- THE COMMISSION'S ESTIMATE	
Cash on Hand @ November 30, 2001 (1)	\$ 4,875
<u>Return on Capital</u>	
+ Return on Rate Base (2)	1,516
- Interest Paid on Class 3 (3)	(282)
Total Retained Return on Rate Base	1,234
<u>Utility Residual Generation Revenue</u>	
+ Month of December 2001	100
+ FY 2002	1,487
+ Month of January 2003	167
Total (December 2001 - January 2003)	1,754
Projected Gross Cash @ January 31, 2003 (5)	7,862
- Prepetition Interest (6)	-
- Postpetition Interest, Net of Mortgage Interest in Class 3	(746)
- Nominal Claims + Bankruptcy Costs	(50)
- Preferred Dividends (4)	(56)
- Cash (7)	(423)
+ Mortgage Bonds Held in Treasury	277
+ Draw on New Credit Facility (8)	-
Projected Net Cash @ January 31, 2003	\$ 6,864

Notes:

- (1) Source: PG&E monthly operating report for the month of November 2001.
- (2) Assumes a 9.12% return on rate base (as defined by the Commission). This amount represents total return on PG&E's capital as estimated to be retained by the Company from December 1, 2001 to January 31, 2003. Return on rate base is equal to the return built into the base rate for interest, preferred dividends, and return on equity, as defined by the Commission.
- (3) Interest paid from December 1, 2001 through January 31, 2003 on Class 3 claims.
- (4) Source: PG&E disclosure statement.
- (5) Cash available to pay claims, prepetition interest and postpetition interest.
- (6) Total claims in Schedule 2 include prepetition interest.
- (7) Estimated cash on hand upon exit from chapter 11.
- (8) The Commission's plan will provide for a credit facility to fund capital expenditures, working capital and, if necessary, distributions to unsecured creditors. The plan as presented assumes that the credit facility is undrawn at confirmation.

PACIFIC GAS AND ELECTRIC COMPANY

SCHEDULE 4

PLAN OF REORGANIZATION
- PROPOSED BY THE COMMISSION -
Dollars in \$Millions

COMPARISON -- SOURCES OF FUNDS			
	Commission Plan	PG&E Plan	Variance
Cash Available for Creditors at Emergence	\$ 6,864	\$ 2,915	\$ 3,949
Cash from New Money Notes	-	5,175	(5,175)
Cash from New Mortgage Bonds	-	345	(345)
Cash from New QUIDS	-	310	(310)
Total Cash	6,864	8,745	(1,881)
 New Notes	 -	 2,244	 (2,244)
Total Reinstated / Refinanced Debt & Obligations	5,795	1,670	4,125
Total Sources of Funds (1)	\$ 12,659	\$ 12,659	\$ -

Notes:

- (1) In PG&E's disclosure statement, Class 5 claims and administrative expense claims both include \$1.06 billion of QF claims. As such, Class 5 claims have been adjusted downward by \$1.06 billion to reflect reclassification of QF claims to administrative expense claims from Class 5. Since administrative expense claims already include QF claims, no adjustment to administrative expense claims is required.

PACIFIC GAS AND ELECTRIC COMPANY

SCHEDULE 5

PLAN OF REORGANIZATION - PROPOSED BY THE COMMISSION - Dollars in \$Millions

COMPARISON -- USES OF FUNDS								
	Commission Plan			PG&E Plan				
	Cash	Reinstated/ Refinanced Debt	Reinstated/ Refinanced Obligations	Cash (2)	New Notes	Reinstated/ Refinanced Debt	Reinstated/ Refinanced Obligations	
Class 1 & 2	\$ 1,354	\$ -	\$ -	\$ 1,354	\$ -	\$ -	\$ -	
Class 3	-	3,310	-	3,310	-	-	-	
Class 4	450	1,235	-	615	180	890	-	
Class 5	3,510	-	-	2,106	1,404	-	-	
Class 6	1,070	-	-	642	428	-	-	
Class 7	420	-	-	252	168	-	-	
Class 8	-	-	350	-	-	-	350	
Class 9	-	-	160	96	64	-	-	
Class 10	60	-	-	60	-	-	-	
Class 11	-	310	-	310	-	-	-	
Class 12	-	-	-	-	-	-	-	
Class 13	-	-	430	-	-	430	-	
Class 14	-	-	-	-	-	-	-	
Subtotal, Uses of Funds	\$ 6,864	\$ 4,855	\$ 940	\$ 8,745	\$ 2,244	\$ 1,320	\$ 350	
Total Uses of Funds (1)			\$ 12,659				\$ 12,659	

Notes:

- (1) In PG&E's disclosure statement, Class 5 claims and administrative expense claims both include \$1.06 billion of QF claims. As such, Class 5 claims have been adjusted downward by \$1.06 billion to reflect reclassification of QF claims to administrative expense claims from Class 5. Since administrative expense claims already include QF claims, no adjustment to administrative expense claims is required.
- (2) Pursuant to the PG&E plan, \$5.2 billion of the cash used to settle claims will come from the issuance of New Money Notes.

Exhibit C

Proposed Timeline for Commission's Alternate Plan

The following is a proposed timeline for the Commission's Alternate Plan:¹

- **on or before April 15, 2002** – Commission would serve and file with the Bankruptcy Court its Alternate Plan and proposed disclosure statement;²
- **on or before May 15, 2002** – Bankruptcy Court would conduct a hearing to consider the adequacy of the Commission's proposed disclosure statement;
- **on or before June 17, 2002** – Commission would begin soliciting votes for its Alternate Plan;
- **on or before September 16, 2002** – Bankruptcy Court would conduct a hearing to consider confirmation of the Commission's Alternate Plan (allows for 60-day solicitation period, if necessary);
- **on or before January 31, 2003** – effective date of Alternate Plan.

¹ These dates are good faith estimates only. They are subject to change based upon a number of factors, including, without limitation, the Court's calendar and intervening events in this chapter 11 case.

² Assumes full cooperation by, and access to information of, PG&E.